LIVESTOCK SERVICES REVOLVING FUND

FINANCIAL STATEMENTS

For the Year Ended March 31, 2011

Provincial Auditor Saskatchewan

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INDEPENDENT AUDITOR'S REPORT

To: The Members of the Legislative Assembly of Saskatchewan

I have audited the accompanying financial statements of the Livestock Services Revolving Fund, which comprise the statement of financial position as at March 31, 2011, and the statement of operations and accumulated operating surplus (deficit) and statement of changes in accumulated net recovery (expenditure) for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards for Treasury Board's approval, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Livestock Services Revolving Fund as at March 31, 2011, and the results of its operations, changes in its net (debt) assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Regina, Saskatchewan
July 5, 2011

Bonnie Lysyk, MBA, CA
Provincial Auditor

Statement 1

LIVESTOCK SERVICES REVOLVING FUND
STATEMENT OF FINANCIAL POSITION
As at March 31

	2011	2010
Financial Assets:		
Accounts receivable	$ 380,837	$ 391,686
Accumulated net recovery (Statement 3)	-	220,933
Total Financial Assets	$ 380,837	$ 612,619
Liabilities:		
Accounts payable and accrued liabilities	$ 343,331	$ 530,101
Unearned revenue	1,900	2,570
Accumulated net expenditure (Statement 3)	262,218	-
Total Liabilities	$ 607,449	$ 532,671
Net (Debt) Assets:	(226,612)	79,948
Accumulated operating surplus (deficit) (Statement 2)	$ (226,612)	$ 79,948

(See accompanying notes to the financial statements)

LIVESTOCK SERVICES REVOLVING FUND
STATEMENT OF OPERATIONS AND ACCUMULATED OPERATING SURPLUS (DEFICIT)
For the Year Ended March 31

	Budget 2010-11 (Note 6)	2011	2010
REVENUES			
Livestock inspection fees	$ 3,022,700	$ 2,972,294	$ 2,933,862
Less: Commissions	51,900	44,389	43,881
Net inspection fees	2,970,800	2,927,905	2,889,981
Registered livestock brands	138,500	145,865	129,845
Livestock dealer licences	38,000	38,100	40,700
Administration fees	15,350	23,333	40,000
Game farm inspection fees	10,000	127	3,617
Subsidy-Ministry of Agriculture	-	-	640,000
Other revenue	450	875	1,694
Total Revenues	3,173,100	3,136,205	3,745,837
EXPENSES			
Salaries and benefits	3,011,800	2,717,940	3,014,005
Travel	416,600	341,832	402,568
Stationery	74,900	67,797	47,288
Telephone	74,100	44,335	48,123
Training	3,000	4,012	3,299
Rental of office space and equipment	103,500	109,435	108,925
Computer costs & general consulting	173,200	107,048	156,654
Other	40,900	50,366	37,809
Total Expenses	3,898,000	3,442,765	3,818,671
Net (loss) from operations	$ (724,900)	(306,560)	(72,834)
Accumulated operating surplus, beginning of year		79,948	152,782
Accumulated operating surplus (deficit), end of year (to Statement 1)		$ (226,612)	$ 79,948

(See accompanying notes to the financial statements)

Statement 3

LIVESTOCK SERVICES REVOLVING FUND
STATEMENT OF CHANGES IN ACCUMULATED NET RECOVERY (EXPENDITURE)
For the Year Ended March 31

	2011	2010
Financing required for (provided by) operating activities:		
Net (loss) from operations	$ (306,560)	$ (72,834)
Net increase (decrease) in working capital items related to operations (Note 5)	(176,591)	11,392
Net (increase) in financing requirements	(483,151)	(61,442)
Accumulated net recovery, beginning of year	220,933	282,375
Accumulated net recovery (expenditure), end of year (to Statement 1)	$ (262,218)	$ 220,933

(See accompanying notes to the financial statements)

LIVESTOCK SERVICES REVOLVING FUND
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2011

1. Authority and Definition

The Livestock Services Revolving Fund was established in 1996 pursuant to Section 17.1 of *The Department of Agriculture, Food and Rural Revitalization Act* (Act). The purpose of the Revolving Fund is to operate the livestock inspection program, the brand registration program and the livestock dealer licensing program. The Revolving Fund provides administrative services to the Cattle Marketing Deductions Fund and the Horned Cattle Fund pursuant to subsection 17.1(4)(d) of the *Act*.

2. Significant Accounting Policies

Pursuant to standards established by the Public Sector Accounting Board, the Revolving Fund is classified as an other government organization. These financial statements are prepared in accordance with Canadian public sector accounting standards. These financial statements do not present a Statement of Change in Net (Debt) Assets or a Statement of Cash Flows as this information is readily apparent from the Statement of Changes in Accumulated Net Recovery and Note 5. The following accounting policies are considered significant.

a) Net Financing Requirements

The net financing requirement is the cash flow from (to) the General Revenue Fund. It represents the total annual financing requirements resulting from working capital changes, net capital acquisitions and net cash flows from operations.

b) Accumulated Net Recovery (Expenditure)

Expenditures of the Revolving Fund are made directly out of the General Revenue Fund (GRF) and receipts are deposited directly into the GRF. The excess of the accumulated expenditures over accumulated receipts is the accumulated net expenditure balance or outstanding borrowing from the GRF.

The accumulated net recovery (expenditure) of the Revolving Fund includes the aggregate of net financing requirements for all fiscal years resulting from the Revolving Fund's changes in working capital and net cash flow from operations.

c) Revenue

Livestock inspection fees and commissions are recognized when the livestock are inspected prior to sale.

Registered livestock brand revenues are recognized when the brands are issued.

Livestock dealer licence revenues are recognized when the licences are issued.

Administration fees are recognized as revenue when the services have been provided.

Game farm inspection fees are recognized when the services outlined in the agreements between the Revolving Fund and the Ministry of Agriculture are provided.

3. Authorized Financing

Subsection 17.1(12) of *The Department of Agriculture, Food and Rural Revitalization Act* provides for a maximum accumulated net expenditure, which may at any time be outstanding, to be set by Order in Council 866/2003. The maximum accumulated net recovery (expenditure) of the Revolving Fund is $1,500,000.

4. Accumulated Operating Surplus/Deficit

Treasury Board controls the operations of the Revolving Fund, in part by monitoring the amount of its accumulated operating surplus/deficit. If the amount falls above or below the limit specified by Treasury Board, management is responsible to present a plan to address the excess surplus/deficit for approval by Treasury Board. A plan may include, but is not limited to, payment of excess surpluses to, or requests for additional funding from, the General Revenue Fund. Treasury Board has specified the limit for the accumulated operating surplus/deficit as $1,000,000.

5. Net Change in Working Capital Items Related to Operations

	2011	2010
Decrease in accounts receivable	$ 10,849	$ 2,657
Increase (decrease) in accounts payable and accrued liabilities	(186,770)	7,365
Increase (decrease) in unearned revenue	(670)	1,370
	$ (176,591)	$ 11,392

6. Budget

The budget amounts presented in these financial statements are based on the budget approved by Treasury Board.

7. Related Party Transactions

These financial statements include transactions with related parties. The Revolving Fund is related to all Saskatchewan Crown agencies such as ministries, corporations, agencies, boards and commissions under common control of the Government of Saskatchewan. Also, the Revolving Fund is related to non-Crown agencies that the Government jointly controls or significantly influences.

Routine operating transactions with related parties are recorded at agreed upon rates and are settled on normal trade terms. The following table summarizes the routine related party transactions for the year:

	2011	2010
Financial statement category:		
Revenues	$ 23,460	$ 43,617
Expenses	423,316	508,684
Accounts payable and accrued liabilities	53,793	45,660
Accounts receivable	10,914	401

In accordance with established government policy, the Revolving Fund has not been charged with certain costs including occupancy, financing, use of tangible capital assets and certain administrative costs. These costs have been absorbed by the various ministerial appropriations and therefore no provision for such costs is reflected in these statements. In addition, the Revolving Fund pays Provincial Sales Tax to the Ministry of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of these purchases.

Other transactions with related parties and amounts due to/from them are described separately in the financial statements and the notes thereto.

8. Amount Recorded in Public Accounts

The net recovery (expense) of the Revolving Fund reported in the Public Accounts is the net income (loss) of the Revolving Fund adjusted for the following differences in accounting policies and other adjustments between the Revolving Fund and the General Revenue Fund.

	2011	2010
Net loss	$ (306,560)	$ (72,834)
Difference in amounts included in Public Accounts due to timing	(111,470)	11,022
Net expense reported in the Public Accounts	$ (418,030)	$ (61,812)